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ABSTRACT

This report documents a survey conducted to determine if Australian parents have benefited from an increase in child care assistance subsidies authorized in April 1993. A total of 281 day care centers across Australia responded to surveys mailed in July 1992, February 1993, and May 1993. Data was also collected about profit margins, quality of services, excess demand, and the effects of competition. Although subsidies increased from $103 to $108.50 per week per child, the average fees charged by day care centers rose by more than the $5.50 increase. The report also found that: (1) private centers raised their fees more sharply than non-profit or government centers; (2) fee increases were not uniform, with some centers actually lowering fees or keeping them fixed; (3) government centers operated with higher cost structures than private or non-profit centers; (4) staff level and staff-child ratios increased between 1992 and 1993; (5) 85 percent of centers maintained a waiting list; and (6) the child care industry's ability to increase the supply of child care services is crucial to maintaining competitive pressures on fee movements. Five appendixes contain correspondence concerning the report, follow-up survey data, and various tables of child care statistics. (MDM)

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MONITORING OF CHILDCARE FEES

December, 1993

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ERRATA

Page iv

Second line should read:

"Childcare Assistance ceiling of $5.50 per child per week...."

Page 25

Last sentence should read:

"It would appear that government centres may have experienced growth in excess demand to a greater extent than other centres".

PRICES SURVEILLANCE AUTHORITY

MONITORING OF CHILDCARE FEES

December, 1993

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Monitoring Report No. 13

PSA

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EXECUTIVE SUMMARY

Many parents do not appear to have had the opportunity to benefit from the increase in the Childcare Assistance ceiling of $5.80 per child week implemented on 1 April, 1993. From July 1992 to May 1993, average fees charged by all centres rose by more than the increase in assistance. Information on cost movements suggest that centres faced minimal rises in unit costs during the survey period. The increase in fees appears to have improved profit margins of many centres.

Fee Movements

i. Compared with the increase in the Commonwealth Government Childcare Assistance of $5.50 per child per week implemented on 1 April 1993, average weekly full-time fees rose by about $6.20 per child per week during the survey period July 1992 to May 1993.

ii. Average fees had risen $5.40 per child per week by February 1993 suggesting that most of the increase in fees occurred prior to the implementation of higher government assistance in April 1993.

iii. With the exception of the over-6 age category, average fee increases exceeded the increase in government assistance in all age groups. The largest increase occurred in childcare services for children in the 2-3 age group where average fees rose by $6.30 per child per week.

iv. Private centres effected the most substantial fee rises followed by non-profit centres and government centres.

- Private centre fees rose, on average, by $8.50 per child per week. Fee increases ranged from $7.30 per child per week for children over six years of age and $9.50 per child per week for children of 1-2 years of age.

- Increases in non-profit centres' fees averaged $5.20 and ranged from $4.20 in the 1-2 age category to $5.90 per child in the 2-3 age group.

- Average fees among government centres rose $4.70 per child per week ranging from $4.10 among children in the over-six age group to $5.10 per child per week in the 2-3 age group.

v. Fee levels among private centres are highest in the under-two age group but government centres have higher fees in the over-two age categories.

vi. Fee increases were not implemented uniformly across centres. About 60 per cent of centres increased fees over the survey period. Some 21 per cent did not change fees at all. The remaining 19 per cent of respondents either decreased fees or were unsure about fee movements. Among centres that increased fees, most did so by more than $6 per child per week.

vii. The proportion of centres that did not increase fees tends to be higher among government centres.

Benefits of Increased Childcare Assistance

viii. About 21 per cent of all centres passed on to parents the full benefits of increased assistance.

ix. About 21 per cent of all centres passed on a portion of the benefits.

x. A further 39 per cent of all centres did not pass on any benefits of increased assistance. In fact, parents of children who attended these centres were worse off in May 1993 compared with July 1992.

Costs

xi. Due to the incompleteness of some of the data, conclusions about the behaviour of costs must be interpreted with caution. However, the evidence suggests that unit costs have not risen significantly.

xii. Average unit costs, defined as average total costs divided by number of children in attendance, rose by $0.42 per child per week, or 0.33 per cent, across all centres during the survey period.

xiii. Government centres experienced a growth rate in unit costs of 1.61 per cent. This compares with an increase of 0.61 per cent among private centres and a fall of 0.38 per cent for non-profit centres.

xiv. Government centres appear to operate with higher cost structures than private or non-profit centres. The major reason for this cost differential seems to be in the area of wage costs which are considerably higher than in the other two types of centres. Government centres appear to have both higher staff numbers and higher average wage costs per staff. The latter appears to reflect in part the qualification levels of staff but may also reflect higher standard of childcare and/or relative inefficiencies.

Profit Margins

xv. Average combined margins for all centres appear to be negative. However, with average fee rises greater than unit cost movements, average margins per child improved during the survey period by $5.78 per child per week (or by 47.5 per cent) across all centres.

xvi. Unlike private centres which, on average, appear profitable, government and non-profit centres appear to have problems covering total costs. Average margins per child per week as at May 1993 were -$29.20 for government centres, +31.78 for private centres and -$27.18 for non-profit centres.

xvii. The average rise in margins was highest among private centres which increased by 33.4 per cent (or by $7.96 per child per week). Government and non-profit centres recorded improvements in negative margins: non-profit centres' margin improved

17.4 per cent (or by $5.72 per child per week) and government centres' 9.2 per cent (or by $2.97 per child per week).

Quality of Services

xviii. Modest rises in indicators such as staff levels and staff/children ratios suggest an improvement in services quality took place between July 1992 and May 1993.

xix. Measured in terms of both staff levels and staff/children ratios, government centres, on average, appear to offer higher quality services than private or non-profit centres.

Excess Demand

xx. The existence of excess demand is evidenced by the fact that 85 per cent of all centres maintain a waiting list. Excess demand appears greatest in the public care sector where 95 per cent of government centres maintain a waiting list.

xxi. The proportion of centres with a waiting list for full-time childcare appears to have risen over the survey period.

Competition

xxii. There do not appear to be any major obstacles to competition between (and among) private centres on the one hand and government and non-profit centres on the other. Entry does not appear to be difficult as evidenced by the significant number of new operators that have entered the industry, especially since Childcare Assistance was extended to the private sector.

Overall Assessments

xxiii. Many centres seem to have denied parents the opportunity of utilising the increase in Childcare Assistance and accessing childcare services at a lower net cost.

xxiv. Fee levels appear to be affected by the various forms of government assistance offered. Generally, fees seem to be lower than consumers' valuation of public childcare services. However, as public policy in this area is to make childcare services accessible, fees generally reflect the Government's social objectives.

xxv. The profitability of private centres to-date appears to have been adequate to attract new investment and increase supply of childcare services, but information on childcare centre profitability was not obtained directly by the survey.

xxvi. In the long term, the ability of the industry, especially private centres, to respond in a socially desirable way to the current high levels of demand, that is, by raising output rather than fees, can be assessed only by monitoring future developments.

xxvii. The lack of competitive pressures on government centres may result in some loss of efficiency in the delivery of childcare services though this is a difficult issue and one which has not been addressed in detail by this study.

Conclusions

xxviii. Overall, the Government's objective of seeing the benefits of increased assistance flowing to parents does not appear to have been achieved.

xxix. Individual private centres may, from time to time depending on local demand and supply conditions, earn excessive profits. However, this need not cause socially undesirable outcomes provided it leads to an increase in supply of childcare services.

xxx. In the long term, the industry's ability to increase the supply of childcare services in response to demand increases is crucial to maintaining competitive pressures on fee movements. Monitoring may be required in the short to medium term of the industry's response to the current levels of high demand.

xxxi. Monitoring of the efficiency with which government centres provide childcare may be also desirable.

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1. INTRODUCTION

1.1 Background

The Prices Surveillance Authority (PSA) was directed on 25 November 1992, by the then Minister Assisting the Treasurer, the Hon Peter Baldwin MP, to monitor fees charged by long-day childcare centres (copy of letter is enclosed as Appendix A). This followed a request from the then Minister for Aged, Family and Health Services, the Hon. Peter Staples MP, who had expressed concern that increased Government assistance, announced in the 1992-93 Federal Budget, might not be passed on by the centres to parents. The 1992-93 Budget contained a provision that, from 1 April 1993, the weekly Childcare Assistance ceiling be raised from $103 to $108.50 (that is, by $4.00 plus annual indexation of $1.50). This measure was "designed to restore the affordability of childcare which has been eroded by recent cost increases".

1.2 Monitoring Procedure

The Authority engaged a market research firm, Reark Research Pty Ltd, to undertake a survey of long-day childcare centres Australia-wide with a view to determining movements in fee levels. A random sample of 519 centres (21.6 per cent of the total population of about 2,400 centres) was drawn from a listing of centres provided by the Commonwealth Department of Health, Housing, Local Government and Community Services. The sample comprised:

Type of Centre		Number of Centres
Government	(Government-funded, community-based centres)	225
Private	(Privately-owned centres)	202
Non-Profit	(Employer-provided and other non-profit private centres)	92
	Total Number of Centres Surveyed	519

A questionnaire seeking data on fees, costs, revenue and other qualitative information was mailed to centres. Response rates were as follows:

Centre	Number of Responses	Proportion
Government	139 out of 225	62 per cent
Private	104 out of 202	51 per cent
Non-Profit	38 out of 92	41 per cent
Overall	281 out of 519	54 per cent

Information was sought for three distinct periods of time. The first was July 1992, that is, prior to the announcement of the increases in Government assistance in the Budget of August 1992. The second period was February 1993 just prior to the implementation of the increased assistance. The final period was May 1993, following the implementation date of 1 April 1993.

1.3 Follow-up Survey

The Authority undertook a small survey of non-respondents to ascertain the extent of any fee variations and the reasons for non-response. This did not indicate any trends in fee movements inconsistent with those observed among respondents. Lack of time was the most cited reason for non-response. Some questionnaires appear to have been misplaced, lost in mail or returned too late to be included in the survey. Details of the non-respondent survey are in Appendix B.

The overall conclusion was that there was no apparent difference in the nature of responses compared with the results of the main sample.

1.4 Previous PSA Investigations

In early 1992, the Authority investigated complaints that parents had not benefited from the extension of Government fee relief to private childcare centres that had been implemented in January 1991. It had been alleged that operators of private centres had appropriated the benefits of fee relief by raising their fees.

The result of the internal investigation was there was insufficient evidence to recommend a public inquiry. Among other things, it found that profitability of private centres was generally not excessive and that in most instances parents appeared to benefit from the extension of fee relief to the private sector.

1.5 Plan of the Report

The report is divided into eleven sections. This introduction is followed by a brief overview of the childcare industry, including the Childcare Assistance Scheme and regulations covering the operations of long-day care centres. Section 3 presents the results of the main part of the monitoring programme, analysis movements in average fees and attempts to assess the extent to which parents may have benefited from increases in government assistance. The cost of providing childcare services is analysed in Section 4 while Section 5 looks at profit margins. The quality of service provided by childcare centres is discussed in Section 6. Indicators of the demand for and supply of childcare services are presented in Section 7. The issue of competition is considered in Section 8. The implications of the findings of the report are assessed in Section 9. Section 10 considers some issues which appear to be of concern to the industry. Finally, a summary of the findings and conclusions is presented in Section 11.

2. CHILDCARE IN AUSTRALIA

2.1 Childcare Services

There are several types of formal childcare services provided in Australia. Table 2.1 shows the most prominent services identified in late 1990:

Table 2.1 Occurrences of Childcare Services, November 1990.

	Number of Occurrences ('000)	% Formal	% Total
Formal Childcare			
-Before/after-school care	44.0	7.9	
-Pre-school/kindergarten	267.2	47.7	
-Long-day Care Centres	113.1	20.2	
-Family Day Care	78.1	14.0	
-Other	57.4	10.2	
Total Formal	559.8	100.0	28.7
Informal Childcare	1389.8		71.3
Total Childcare	**1949.6**		**100.0**

Source: *Childcare, Australia. Australian Bureau of Statistics, Cat. No. 4402.0. Tables 7.2 and 7.5.*
Note: *Informal childcare is provided by persons other than parents in own or other homes.*

As the table shows, formal childcare accounts for 28.7 per cent of the total number of occurrences of childcare. Almost half of formal care arrangements are provided by pre-school and kindergarten centres at specified times for fixed periods.

Long-day care centres represent 20 per cent of formal childcare occurrences. Such centres typically cater for children for the full day, with many open up to eleven hours a day.

About 14 per cent of childcare occurrences are provided within the "family day care" concept. This is where registered care-givers offer childcare services in private homes.

Before and after-school care is provided to school-age children during school terms. About 8 per cent of childcare occurrences fall into this category.

One in ten occurrences are classified as "other", in which childcare is provided on an occasional basis in places such as in shopping centres.

As shown in Table 2.2, the number of long-day care centres has grown considerably over the last few years. Most of the growth has been in private and non-profit centres. These trends suggest that the extension of Childcare Assistance to the private care sector in 1991 led to a rapid growth in the number of private and non-profit centres. While government centres increased by 6.83 per cent in the two years to June 1993, the combined growth for private and non-profit centres exceeded 51 per cent. Not all this growth in the private care sector represents the establishment of totally new centres. Some centres were already in existence in 1991 but up-graded premises, equipment and staffing levels to qualify for fee-relief.

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Table 2.2 Number of Long-Day Care Centres.

	June 1991	June 1992	June 1993	Growth June '91 to June '93
	(No.)	(No.)	(No.)	(%)
Government	981	990	1,048	6.83
Private	na	na	1,369	na
Non-Profit	na	na	193	na
Total Private + Non-Profit	1,030	1,295	1,562	51.65
Total	2,011	2,285	2,610	29.79

Source: Department of Health, Housing, Local Government, and Community Services - Annual Report, 1993.

2.2 Childcare Assistance

On 1 January 1991, fee relief subsidies provided by the Commonwealth Government to parents using Commonwealth-funded services were extended to families using approved private, employer provided and other non-profit centres. The objective of the fee-relief programme was to enable childcare centres to offer reduced fees to families on low and middle incomes. The level of assistance available to families depended on parents' combined gross income (that is, the assessed family income), the number of dependent children and the number of children in approved long-day care centres. As a subsidy that offsets the cost of childcare to users, it also helps to meet the Government's other objectives of availability of supply and quality by enabling services to charge a higher fee than would otherwise be affordable.

From 1 April 1993, the Childcare Assistance ceiling was increased from $103 to $108.50 per child per week. This means that a family with one dependent child in full-time care costing $108.50 per week and gross weekly income of less than $466 would be entitled to the maximum Childcare Assistance of $92.50 per child per week, leaving a need to contribute $16 per week. Parents' contributions to the cost of childcare increases by the amount that fees exceed the assistance ceiling of $108.50, known as the gap fee. Childcare Assistance cuts out where the gross family income exceeds $1,137 per week. The tables in Appendix C give examples of the amounts available to parents under the Childcare Assistance scheme.

Families could benefit from the increase of $5.50 per child in the weekly Childcare Assistance ceiling if centres maintained their fee structures unchanged. This is irrespective of the level of fees charged by centres. The tables below show the benefits available to families in the cases where fees are unchanged (Table (a)) and increased by an average of $7.00 per child per week (Table (b)).

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Table 2.2 Increase in Childcare Assistance - One Child in Full-Time Care.

(a)No Change in Fees

Prior to 1 April 1993				After 1 April 1993				Net
Gross Weekly Income	Weekly Fees	Gov't Assist.	Parents Contribution (Parent Fee+Gap Fee)	Gross Weekly Income	Weekly Fees	Gov't Assist.	Parents Contribution (Parent Fee+Gap Fee)	Benefit of Increased Gov't Assist.
$	$	$	$	$	$	$	$	$
500	100	79.82	20.18+ 0 = 20.18	500	100	80.93	19.07+ 0 = 19.07	1.11
500	120	82.21	20.79+17.00= 37.79	500	120	87.81	20.69+11.50= 32.19	5.59
800	130	43.51	59.49+27.00= 86.49	800	130	46.41	62.09+21.50= 83.59	2.90
1000	150	17.72	85.28+47.00=132.28	1000	150	18.81	89.69+41.50=131.19	1.09

(b)Change in Fees

Prior to 1 April 1993				After 1 April 1993				Net
Gross Weekly Income	Weekly Fees	Gov't Assist.	Parents Contribution (Parent Fee+Gap Fee)	Gross Weekly Income	Weekly Fees	Gov't Assist.	Parents Contribution (Parent Fee+Gap Fee)	Benefit of Increased Gov't Assist.
$	$	$	$	$	$	$	$	$
500	100	79.82	20.18+ 0 = 20.18	500	*107.00*	85.60	20.40+ 0 = 20.40	-0.22
500	120	82.22	20.78+17.00= 37.79	500	*127.00*	87.81	20.69+*18.50*= *38.39*	*-1.41*
800	130	43.51	59.49+27.00= 86.49	800	*137.00*	45.41	62.09+*28.50*= *89.79*	*-4.10*
1000	150	17.72	85.28+47.00=132.28	1000	*157.00*	18.81	89.69+*48.50*=*137.39*	*-5.91*

Source: PSA. Data checked by Commonwealth Department of Health, Housing and Community Services
Note: Changes relative to Table (a) are denoted in italics.

Table 2.2 (a) shows that where fees do not change, the net effect of raising the weekly Childcare Assistance ceiling by $5.50 per child is to decrease parents' contributions to the cost of childcare. The extent to which parents benefit depends on their income: the higher the income, the smaller is the net benefit to parents.

Childcare centres with fees above the Childcare Assistance ceiling of $108.50 per child can shift the full benefit of increased assistance to themselves by increasing fees by at least $5.50 per child. If fees are raised by more than the increase in the Childcare Assistance ceiling, as exemplified in Table 2.2 (b), then no family derives any benefits, regardless of the income levels. Centres which increase fees to a level below the Childcare Assistance ceiling of $108.50 per child, will also benefit by the extent to which they raise their fees without increasing parents' gap fees.

Changes in Childcare Assistance arrangements do not affect parents with incomes in excess of the maximum assessed family income.

All families that qualify for government assistance could potentially benefit from the increased assistance introduced in 1 April 1993. This report will attempt to quantify the number of centres which benefited from the changes implemented on 1 April and, by implication, indicate the extent to which parents did not directly benefit.

2.3 Childcare Regulations

State Governments administer the legislation covering the operational activities of childcare centres. Regulations covering such aspects of childcare services as staff/children ratios and the dimensions of the premises per child have the greatest impact on the costs associated with the provision of childcare services. Details of regulations pertaining to staff/children ratios are included in Appendix D. Other important regulations relate to the level of training and qualifications of staff. Long-day care centres must comply with these regulations for parents to qualify for Childcare Assistance.

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3. CHILDCARE FEES[1]

Price setting practices vary across centre types. Private centres are free to set fees according to market forces. Government centres must have their fees approved by the Commonwealth Department of Health, Housing, Local Government and Community Services with the aim of ensuring that fees are set at a level that covers all expenses[2], taking account of any other subsidies. Non-profit centres are privately run by employers or other groups (for example, Universities and TAFE colleges) and generally seek to set fees that balance budgets.

3.1 Average Fee Levels and Movements

3.1.1 Total Industry

The average weekly full-time fee of all centres surveyed rose by about $6.20 per child between July 1992 and May 1993. Average full-time fees per child charged by all centres at the three selected time periods are shown in Table 3.1.

Table 3.1 Average Weekly Full-Time Fees Per Child - All Centres.

	May 1993	Feb 1993	July 1992	Change July 1992 to May 1993	
	$	$	$	$	%
Average Fees - All Centres	121.10	120.20	114.90	6.20	5.4

Source: PSA Survey, 1993.

Most of the rise in fees appears to have occurred by February, when centres reviewed fees for 1993. Further upward adjustments took place in the three months to May.

3.1.2 Average Fees by Centre Type

Private and non-profit centres increased average fees relatively more than government centres from July 1992 to May 1993. Average fees increased at private centres by $8.50 per child per week and at non-profit centres by $5.20 per child per week. Government centres increased average weekly fees by $4.70 per child. Details of average fee movements are provided in Table 3.2.

---

1 Centres were asked to provide details of weekly fees charged for full-time childcare. Most centres provide childcare services more than fifty hours per week. The average number of hours for full-time childcare in each of the three periods surveyed was 51 hours.

2 Government centres may encounter different types of expenses than private centres. Among other things, some government centres do not pay rent/rates and/or incur interest charges.

Table 3.2 Average Weekly Full-Time Fees by Centre Type.

	May 1993	Feb 1993	July 1992	Change July '92 to May '93	
	$	$	$	$	%
Government	124.40	124.20	119.70	4.70	3.9
Private	120.40	118.90	111.90	8.50	7.6
Non-profit	110.80	108.80	105.60	5.20	4.9
Average All Centres	121.10	120.20	114.90	6.20	5.4

Source: PSA Survey, 1993.

Government centres appear to charge higher fees than private or non-profit centres. As at May 1993, the average fee charged by government centres was $124.40 per child per week compared with $120.40 charged by private centres and $110.80 by non-profit centres. The fee differential, especially between government and private centres, has diminished since July 1992.

Private centre fees were increased, on average, by more than the increase in the Childcare Assistance ceiling. On the other hand, the average fee rise implemented by non-profit and government centres accounted respectively for about 95 per cent and 85 per cent of the increase in Childcare Assistance.

3.1.3 Average Fees by Age Groups

On average, fee rises in all age categories, other than the over-six category, exceeded the $5.50 increase in the weekly Childcare Assistance ceiling. Table 3.3 shows that in both absolute and relative terms, the largest increase occurred in the 2-3 age-group, where average fees increased by 5.4 per cent or $6.30 per child.

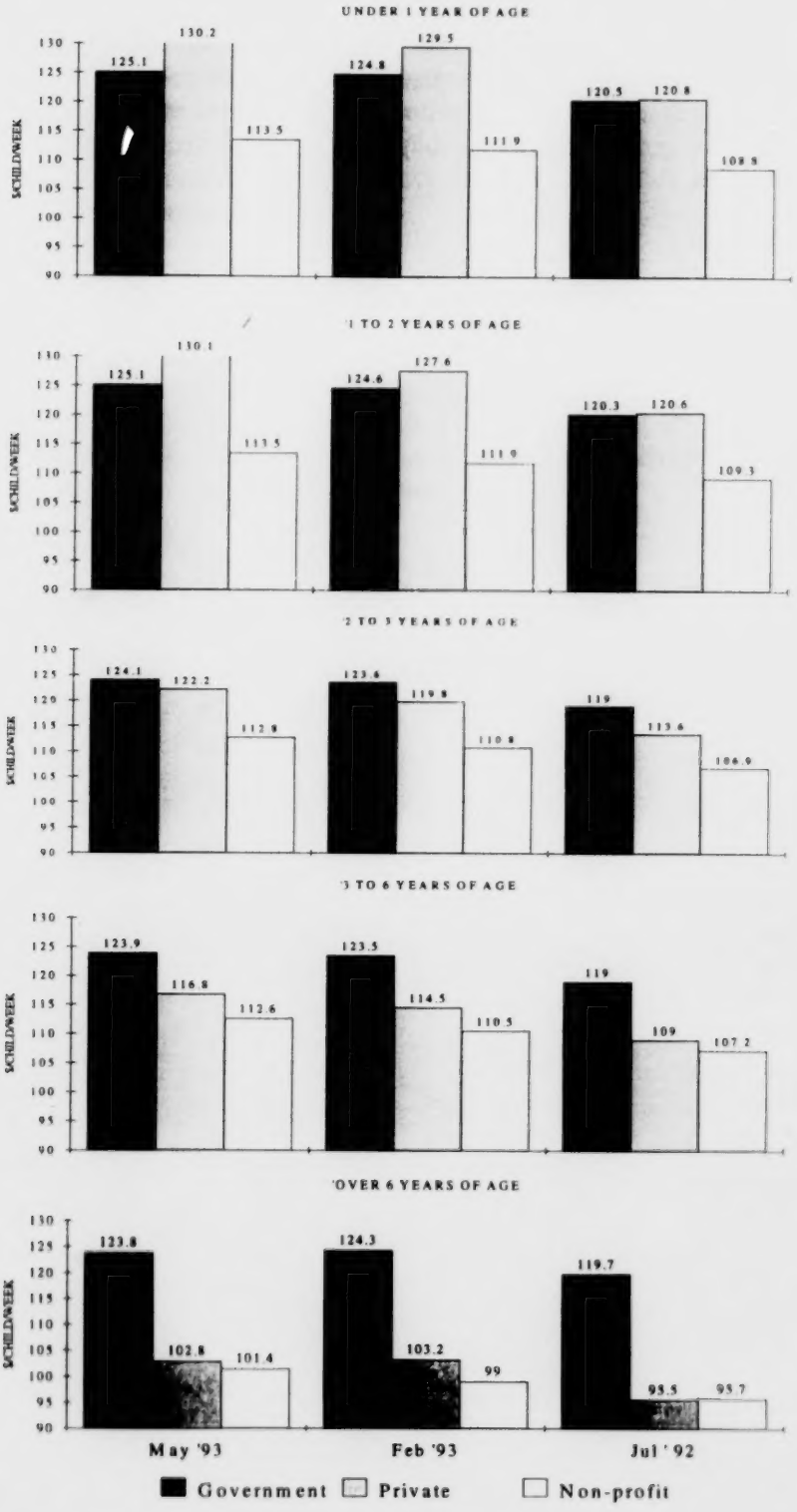
Table 3.3 Average Weekly Full-Time Fees by Age Group.

Age Groups	May 1993	Feb 1993	July 1992	Change July '92 to May '93	
	$	$	$	$	%
Less than 1 year	124.60	123.90	119.00	5.60	4.7
1 to 2 years	124.60	123.40	118.80	5.80	4.9
2 to 3 years	122.10	120.80	115.80	6.30	5.4
3 to 6 years	119.90	118.60	113.90	6.00	5.3
Over 6 years	113.50	113.60	108.80	4.70	4.3
Average All Age Groups	121.10	120.20	114.90	6.20	5.4

Source: PSA Survey, 1993.

Further details of fees by age groups, as well as type of centre, are shown in Chart 3.1.

Chart 3.1 - Average Weekly Full-Time Fees by Age Group and Centre Type.



Source : PSA Survey, 1993.

Private centre fees appear to be higher than those charged by other centres in the under-two age group. Government centre fees, on the other hand, are highest in the over-two category.

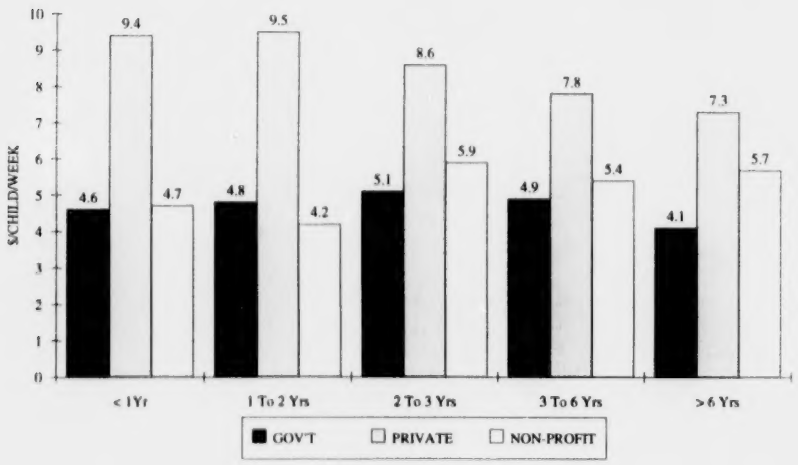
In the under two age-group, private centre fees as at May 1993 exceeded fees levied by government centres by about $5 per child (four per cent) while they were at comparable levels in July 1992.

In the two-six age group, government centre fees were higher than private centres throughout the survey period. However, the differential has tended to diminish over time as a result of the comparatively larger fee increases implemented by private centres. In the over-six category, government centre fees were considerably higher than private centre fees in each period surveyed.

There is considerable uniformity in the level of fees charged by government centres across all age groups. Government centre fees as at May 1993 ranged from $123.80 per child (over six years) to $125.10 per child (under two years). On the other hand, private centre fees ranged from $102.80 per child in the over-six group to $130.10-$130.20 per child in the under-two age category.

An analysis of the absolute fee increases applied by centres in the various age groups shows that private centres recorded larger increases in fees than either government or non-profit centres across all age groups. Chart 3.2 shows that fee rises implemented by private centres exceeded the increase in Childcare Assistance in all age groups; fee rises ranged from $7.30/week in the over-six group to $9.50/week in the 1-2 age group.

Chart 3.2 - Average Fee Movements by Age Group - July 1992 to May 1993.



Source: PSA Survey, 1993.

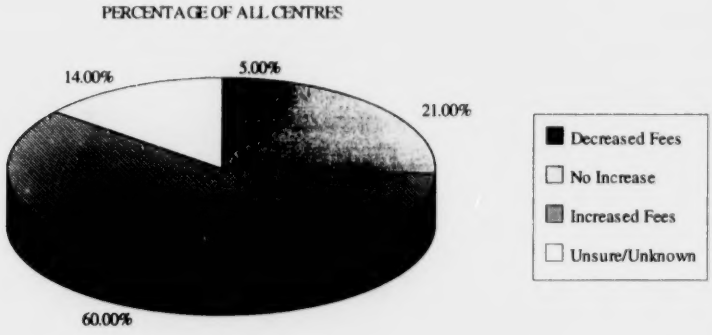
Fee increases implemented by government centres were, on average, below the increase of $5.50 per child in the Childcare Assistance ceiling, across all age groups. Fee increases ranged from $4.10 per child in the over-six group to $5.10 per child in the 2-3 age group. Average fee increases by non-profit centres were above the rise in the Childcare Assistance ceiling in the 2-3 and over-six age group, but below it in other age groups.

3.2 Incidence of Fee Rises

3.2.1 Total Industry

Fee movements were not uniform across the industry. Many centres did not change fees either in the lead-up to the introduction of higher assistance levels in April 1993 or in its immediate aftermath. Chart 3.3 shows the proportion of centres that altered their fee structures.

Chart 3.3 Incidence of Changes to Fee Structure - July 1992 to May 1993.



Source: PSA Survey, 1993.

Overall, 60 per cent of centres increased fees between July 1992 and May 1993. Some 21 per cent did not change their fees and five per cent actually decreased fees (mostly government centres which had recorded surpluses the previous year).

3.2.2 Type of Centre and Age Group

The proportion of centres that did not increase fees from July 1992 to May 1993 tended to be higher among government centres. The proportion of private centres that applied fee increases in excess of the rise in government assistance was higher than among government or non-profit centres. Table 3.4 gives details of the size of fee increases by centre type and age group.

Table 3.4 Changes to Fee Structures by Type of Centre and Age Group.

Age Group	Movement in Fees	Percentage of Centres that Increased Fees Between July 1992 and May 1993 (%) Gov't	Private	Non- Profit	Total
Less than 1 year	• Decrease	2	15	-	5
	• No increase	32	7	23	21
	• Increased by:				
	- $1 - $5/child	27	9	33	21
	- over $6/child	37	45	39	39
	• Other	2	24	5	14
		100	100	100	100
1-2 Years	• Decrease	1	15	-	5
	• No increase	31	6	23	20
	• Increased by:				
	- $1 - $5/child	28	12	33	21
	- over $6/child	37	47	39	41
	• Other	3	20	5	13
		100	100	100	100
2-3 Years	• Decrease	1	8	-	3
	• No increase	31	18	23	25
	• Increased by:				
	- $1 - $5/child	25	15	33	22
	- over $6/child	39	51	41	43
	• Other	4	8	3	7
		100	100	100	100
3-6 Years	• Decrease	2	6	-	3
	• No increase	33	24	30	29
	• Increased by:				
	- $1 - $5/child	25	20	36	23
	- over $6/child	40	49	34	44
	• Other	-	1	-	1
		100	100	100	100
Over 6 Years	• Decrease	3	8	-	5
	• No increase	9	3	13	7
	• Increased by:				
	- $1 - $5/child	24	14	23	20
	- over $6/child	38	53	53	44
	• Other	26	22	11	24
		100	100	100	100

Note - "Other" includes the following categories: Services Not Provided/Unsure/Unknown.
Source: PSA Survey, 1993.

The following conclusions can be drawn about those centres that effected fee increases between July 1992 and May 1993:

- A greater number of centres increased fees by over $6 than by $1-5 per child. This was so for all three types of centres and all age groups.

- Private centres exhibited a greater incidence of fee increases of more than $6 per child than government or non-profit centres. This was so across all age groups. The incidence of fee increases of more than $6 per child among private centres was greatest in the over-two age group.

- Most non-profit centres increased fees by $1-5 per child in all age categories except over 6 years where most raised them by more than $6 per child.

- A greater proportion of private centres appear not to provide childcare for children less than two years of age than is the case among government and non-profit centres.

3.3 Assessment of Benefits of Increased Assistance

The data suggest not only that the majority of centres increased fees since July 1992, but also that a substantial proportion of centres increased fees by an amount greater than the increase in assistance.

On average, about 21 per cent of all centres passed on to parents the full benefits of increased government assistance (that is, did not raise fees). A further 21 per cent of centres passed through to parents part of the increase in government assistance, that is, they increased fees less than the increase in the Childcare Assistance ceiling. Parents whose children attended these centres would have received only a portion of the full benefits of the increased government assistance. An additional 39 per cent of all centres increased fees by an amount greater than the increase in the Childcare Assistance level. That is, parents of children who attended 39 per cent of centres derived no benefit from the increased assistance and, in fact, were worse off compared with July 1992. About 5 per centres actually decreased fees. The other 14 per cent of centres could not specify fee movements over the survey period.

About 25 per cent of government centres allowed parents the benefit of part of the extra $5.50 in Childcare Assistance. A further 38 per cent increased their fees more than the Childcare Assistance ceiling.

On average, about one in seven private centres passed on to parents a portion of the benefits of the increase in Childcare Assistance only. About one in two increased fees more than the Childcare Assistance ceiling.

An average of about one in three non-profit centres increased fees by less than the Childcare Assistance ceiling. About 40 per cent increased fees more than the Childcare Assistance ceiling.

3.4 Conclusions

The following conclusions about childcare fees can be noted from the findings presented in this section:

- Sixty per cent of all centres surveyed increased fees from July 1992 to May 1993.

- Most of the centres that raised their fees did so by more than the increase in Childcare Assistance.

- The average weekly fee among all centres surveyed rose by more than the increase in Childcare Assistance between July 1992 and May 1993. The bulk of the increase occurred prior to implementation of higher assistance levels in April 1993.

- Private centres effected larger fee rises than government or non-profit centres and have a larger incidence of fee movements in excess of the rise in Childcare Assistance than government or non-profit centres. On average, fee increases effected by private centres exceeded the rise in Childcare Assistance.

- Overall, government centres charge higher average fees than private or non-profit centres. However, government centres charge roughly similar fees across all age groups, while private centre fees are highest in the under-two age group. Non-profit centres charge the lowest in all age categories.

- Fees in the 2-3 age group were the subject of the highest overall increase. Fee rises in all age groups except over six years of age were above the increase in Childcare Assistance.

- Private centres implemented the highest increases in the under-two age group while government and non-profit centres recorded the largest rises in the 2-3 age category.

4. COST OF CHILDCARE SERVICES

In the survey, centres provided operating costs for each of the three survey periods: July 1992, February 1993 and May 1993. Costs have been calculated as average monthly costs per centre where they take into account all known costs on an annualised basis and are then divided by twelve. Data are also presented on unit costs to allow a comparison with prices (that is, average fees of childcare services) and an assessment of profit margins.

In assessing these data it needs to be borne in mind that not all costs may have been reported. In particular, capital costs (depreciation and interest) may not always have been included in operating costs and the imputed value of owner wages may not have always been taken into account by private centre operators. No imputed cost would have been reported for the services provided by parents and other volunteers at government and non-profit centres.

4.1 Average Monthly Costs

4.1.1 Costs by Centre Type

Aggregated cost data are presented in Table 4.1. There are problems of comparison here as the data represent an average picture of centres of different sizes and cost structures. Nevertheless, they show that private centres appear to operate with lower costs than government or non-profit centres.

Table 4.1 Average Monthly Costs by Centre Type.

	May 1993	Feb 1993	July 1992	Change July '92 to May '93
	$	$	$	%
Government	23,828	21,644	23,495	1.4
Private	14,977	14,606	13,740	9.0
Non-profit	17,220	16,723	16,385	5.1
Average All Centres	19,967	18,574	19,183	4.1

Source: PSA Survey, 1993.

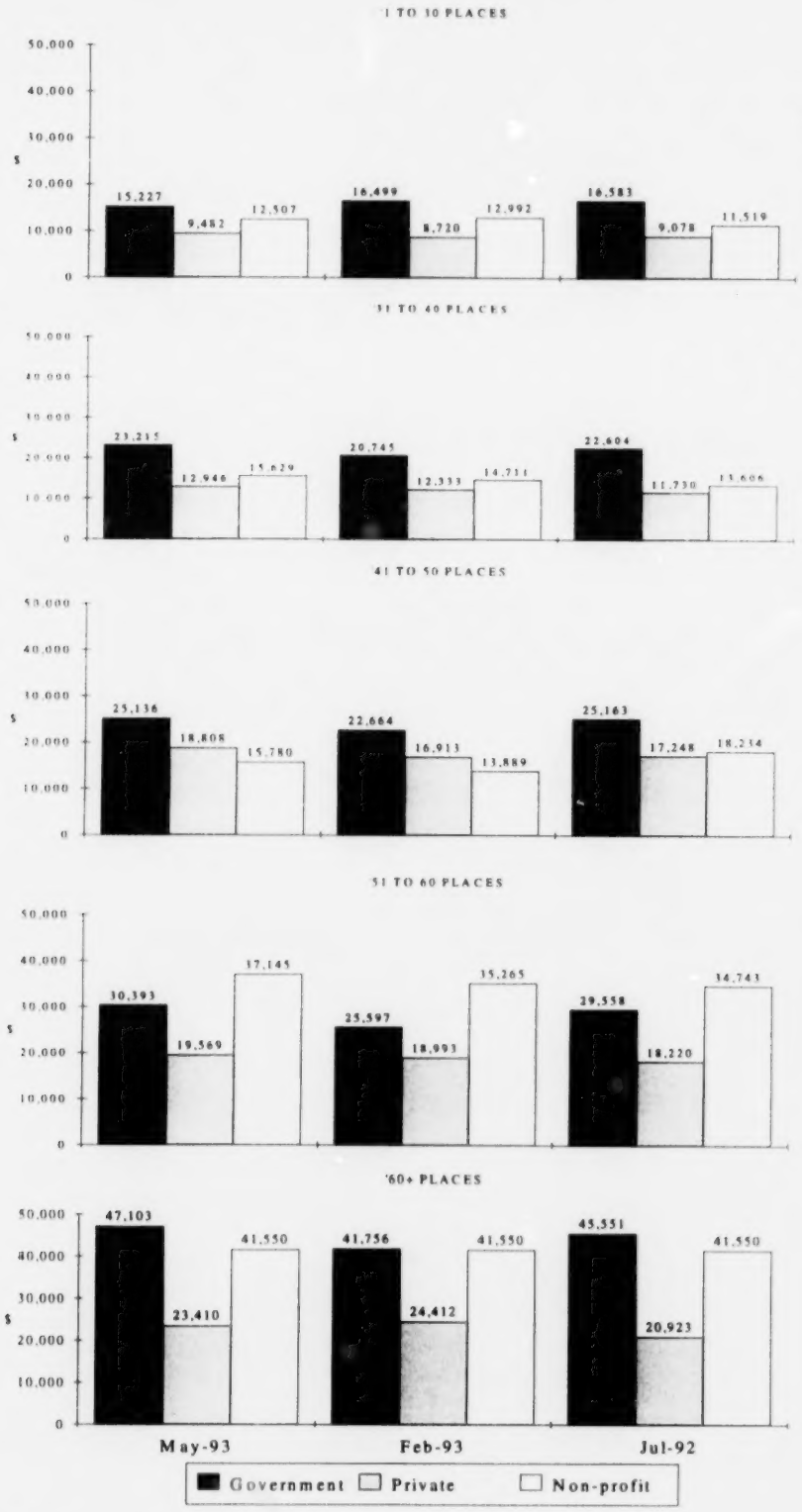
This cost differential appears to be largely explained by staff costs, which make-up the bulk of total costs (see Table 3 in Appendix E). Government centres have more staff and operate with higher staff/children ratios than private and non-profit centres. Furthermore, Table 4 in Appendix E indicates that average wage costs per staff are higher among government centres. This may be due to the higher proportion of trained staff among government centres compared with other centres (refer Section 6.2).

Not surprisingly, the increase in total costs appears to be closely related to the increase in the number of children attending the three types of centres.

4.1.2 Monthly Costs by Centre Size

The monthly costs of operating childcare centres of varying sizes for each type of centre are shown in Chart 4.1.

Chart 4.1 Average Monthly Costs by Centre Type and Size.



Source: PSA Survey, 1993.

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It is apparent from Chart 4.1 that centres of different sizes experienced quite different patterns of movements in operating costs during the survey period. Government centres experienced slight increases in costs associated with the operation of centres of 41-50, 51-60 and over 60 places. Average costs of centres of 41-50 places remained stable while a reduction in costs was recorded by centres of 1-30 places.

Private centres registered cost rises in centres of all sizes while non-profit centre costs fell among centres of 41-50 places, remained unchanged in centres of over 60 places and rose in other centres.

Government centres are characterised by higher cost levels than private and non-profit centres. The exception to this general observation are centres of 51-60 places where non-profit centres operate with the highest cost levels. With the exception of centres of 41-50 places, private centres incur fewer costs in providing childcare services than government and non-profit centres.

4.2 Average Unit Costs

Data on costs per child show that the average unit cost among all centres surveyed rose by 0.33 per cent during the survey period. Unit cost data also confirm that government centres appear to operate with the highest cost structures, and private centres with the lowest. The behaviour of unit costs is presented in Table 4.2.

Table 4.2 Unit Costs by Centre Type[3].

	May 1993	Feb 1993	July 1992	Change July '92 to May '93
	$	$	$	%
Government	153.60	143.94	151.87	1.14
Private	88.62	93.89	88.08	0.61
Non-profit	137.98	155.61	138.50	-0.38
Average All Centres	127.99	126.81	127.57	0.33

Source: PSA Survey, 1993.

The behaviour of total cost and unit cost data are notable for the marked difference in their respective growth rates. A comparison of Tables 4.1 and 4.2 reveals that overall movements in unit costs were considerably more modest than total costs. Government centres exhibited the lowest rate of growth of monthly costs between July 1992 and May 1993 but their unit cost growth rate was the highest. Private centres, on the other hand, registered the highest increase in total costs but only a marginal movement in unit costs.

The difference in behaviour of unit costs compared with total costs is due to the very different changes in attendances experienced by the three types of centres. Data in section 7.1 show that while the number of children at government centres increased by just 0.28

[3] The number of places booked at childcare centres at the beginning of the year may not be typical of average bookings for the rest of the year. Hence, data for February 1993 may not be comparable with data for July 1992 and may 1993.

per cent from July 1992 to May 1993, private centre attendances grew by 8.3 per cent and that of non-profit centres by 5.5 per cent. Since these growth rates approximated those for total costs, average unit cost movements for all centres were modest.

Although unit cost data are not available on an age-group basis, it would be reasonable to assume that costs vary depending on the age group to which childcare services are provided. It might be expected that costs associated with caring for children under two years of age are higher than for other age groups because of the more stringent regulations on staff levels. Additionally, costs for nappy and clothing changes as well as general care, for example, feeding and providing drinks are higher for childcare services in this early age group.

4.3 Conclusions

The main findings of the analysis of costs may be noted as follows:

- Government centres appear to have considerably higher operating costs than private and non-profit centres.
- This is mostly explained by the relatively higher staff costs in government centres and is in turn reflected in above-average staff levels and staff/children ratios .
- The rate of growth of costs closely mirrors the different attendance records of the three types of centres. (Private centres experienced a much greater growth in attendances than the other two types of centres).
- Consequently, unit cost movements for all three types of centres were slight.

The above conclusions are based on an analysis of cost data provided by centre operators. Due to the incomplete nature of some of the responses to the cost questions, the data should be interpreted with caution.

5. PROFIT MARGINS

5.1 Unit Margins

Estimates of unit margins were calculated by subtracting weekly unit operating costs from average weekly fees per child. Data on unit revenues, costs and margins in Table 5.1 show that margins for private centres are positive while government and non-profit centres registered negative margins. Some of the responses to questions on centres' revenues were incomplete. Thus, the qualifications noted in respect of the cost data also apply here in respect of calculated margins.

Table 5.1 Unit Margins Per Child Per Week.

	May 1993			Feb 1993			Jul 1992			Change July '92 to May '93	
	Unit Price	Unit Cost	Unit Margin	Unit Price	Unit Cost	Unit Margin	Unit Price	Unit Cost	Unit Margin		
	$	$	$	$	$	$	$	$	$	$	%
Government	124.40	153.60	(29.20)	124.2	143.94	(19.74)	119.7	151.87	(32.17)	2.97	9.2
Private	120.40	88.62	31.78	118.9	93.89	25.01	111.9	88.08	23.82	7.96	33.4
Non-profit	110.80	137.98	(27.18)	108.8	155.61	(46.81)	105.6	138.50	(32.90)	5.72	17.4
Average	121.10	127.99	(6.89)	120.2	126.81	(6.61)	114.9	127.57	(12.67)	5.78	47.5

Source: PSA Survey, 1993.

On average, all centres experienced faster growth in unit revenues than unit costs and, as a result, margins per child per week improved. Private centres recorded the most significant change in margins, followed by non-profit centres and then government centres.

5.2 Total Profits

Average profits reported by the centres are shown in Table 5.2. Profits (reduced losses) among all centres improved more than 43 per cent during the survey period. Private centres improved total profits while government and non-profit centres appear to have reduced their losses.

Table 5.2 Total Profits Per Centre Per Week.

	May 1993	Feb 1993	July 1992	Change July '92 to May '93
	$	$	$	%
Government	(1,045.36)	(684.98)	(1,148.47)	8.98
Private	1,239.42	897.86	857.52	44.54
Non-profit	(782.78)	(1,160.89)	(898.17)	12.85
Average All Centres	(248.04)	(223.42)	(439.65)	43.58

Source: PSA Survey, 1993.

Since both government and non-profit centres aim to provide childcare services on a break-even basis, losses incurred in any one year will have repercussions on the following year's operations. For example, losses incurred by government centres must presumably be covered by adjustments to fees, subsidies or operating costs in the following year. As non-profit centres do not have access to direct government assistance, their options are limited to either charging higher fees or cutting costs (and, the risk of adverse effects on the quality of childcare services). The effects of losses by government and non-profit centres are not apparent in the survey period as all three time periods under examination fall within one financial year.

5.3 Conclusions

The evidence on profit margins suggests that:

- the provision of childcare services by day-long centres is, on the whole, a loss-making activity;
- the profits earned by private centres are more than offset by losses incurred by government and non-profit centres; and that
- fee increases implemented during the review period have assisted government and non-profit centres to reduce losses, and private centres to improve profits.

The impact of incomplete cost and revenue data on the conclusions on profit margins depends on whether they have tended to be under- or overstated. There is no reason to suppose that revenue data have been systematically under- or overstated. However, if cost data have been understated as previously noted, private centre profits may not be as high as reported while government and non-profit centres may have incurred larger losses.

6. QUALITY OF SERVICE

The evaluation of fee increases is not complete without assessing the quality of service provided by childcare centres. Typical factors that parents may value highly include comfort, security, friendliness, emotional care and a predisposition to recognise and promote growth. While there are no objective means of measuring these aspects of childcare services, the number of staff employed by centres may be used as a rough proxy. Sections below analyse data on the average number of staff per centre as well as average staff/children ratios.

6.1 Staff/Children Ratios

Ratios of staff to children by centre types and sizes are presented in Table 6.1. There appears to be a general increase in staff/children ratios (that is, fewer children per staff) over the survey period. The exceptions are non-profit centres of 31-40 and over-60 places. In most cases, the increase is marginal although marked rises were noted among private centres of 1-30, 31-40 and 51-60 places.

Table 6.1 Ratio of Total Staff to Licensed Places by Centre Type and Size.

		May 1993	Feb 1993	July 1992
1-30 Places	• Government	1:15.9	1:15.9	1:16.1
	• Private	1:18.9	1:19.2	1:20.8
	• Non-profit	1:13.9	1:14.7	1:15.4
31-40 Places	• Government	1:9.8	1:9.8	1:10.0
	• Private	1:14.1	1:15.2	1:15.9
	• Non-profit	1:10.9	1:14.1	1:10.4
41-50 Places	• Government	1:7.6	1:8.0	1:8.3
	• Private	1:10.1	1:10.1	1:10.4
	• Non-profit	1:8.1	1:8.1	1:8.7
51-60- Places	• Government	1:7.5	1:7.8	1:7.7
	• Private	1:9.6	1:10.2	1:11.6
	• Non-profit	1:8.3	1:8.3	1:8.7
60 + Places	• Government	1:5.4	1:5.4	1:5.5
	• Private	1:8.9	1:9.3	1:9.6
	• Non-profit	1:7.1	1:7.1	1:7.1

Source: PSA Survey, 1993.

With the exception of centres of 1-30 places, Government centres have the highest ratios or the lowest number of children per staff. Private centres seem to have registered more significant increases in staff/children ratios than other types of centres. As a general observation, it appears that staff/children ratios increase as the size of the centre increases, that is, there are fewer children per staff in large centres.

6.2 Staff Levels

Reflecting these slight improvements in staff/children ratios are data on total number of staff employed per centre, as shown in Table 6.2. Average staffing levels, both trained and untrained, appear to be higher at government centres. As with the data on staff/children ratios, there appear to have been slight increases in average staffing levels over the period under review.

Table 6.2 Average Staff Levels by Centre Type.

	Number of Staff Per Centre		
	May 1993	**Feb 1993**	**July 1992**
Trained Staff			
- Government	4.8	4.7	4.6
- Private	2.9	2.9	2.7
- Non-profit	3.6	3.5	3.7
Total	4.0	3.9	3.8
Untrained Staff			
- Government	5.8	6.2	5.6
- Private	4.8	4.6	4.3
- Non-profit	5.4	4.6	5.0
Total	5.3	5.2	5.0
Total Staff			
- Government	10.6	10.9	10.2
- Private	7.7	7.5	7.0
- Non-profit	9.0	8.1	8.7
Total	9.3	9.1	8.8

Source: PSA Survey, 1993.

Additional information on the level of training of staff shows that for each level of training for childcare staff, government centres, on average, employed a greater number of trained workers than other types of centres (see Table 8, Appendix E).

6.3 Conclusions

General increases in average staff levels and higher staff/children ratios at all three types of centres could indicate a potential improvement in the standard of childcare .

Private centres appear to have registered the most notable advances in these areas.

Government centres appear to have the potential of providing childcare services of superior quality (relative to private and non-profit centres), given that they operate with more staff per child, a higher number of staff and more trained staff in each centre.

7 SUPPLY AND DEMAND CONDITIONS

7.1 Supply

The period covered by the survey, that is, ten months to May 1993, is not sufficiently long for the industry to bring about major changes in capacity. Regulations covering staff/children ratios and the number of places a centre can offer, relative to the physical space available, limit the extent to which the industry can increase the number of total registered places in the short term.

Only centres with excess capacity, that is, with unfilled registered places would be able to accommodate an increase in demand in the short term. Accordingly, it is assumed that for the duration of the survey, the ability of supply to respond to increased demand is limited and that overall capacity is fixed.

In the longer term, the industry seems to be enlarging its capacity. Impressive growth over the last few years among private and non-profit centres suggests that resources are flowing into childcare services in response to increased demand.

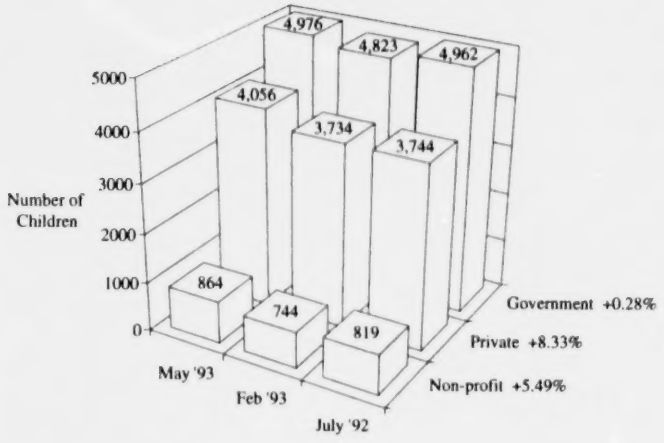
7.2 Demand

Demand for childcare has risen significantly in recent years, and supply has responded. To the extent that there are lags in the supply response and prices do not adjust to ration available spaces, queuing can occur. This is evident in childcare waiting lists.

7.2.1 Number of Children Attending Childcare Centres

The average daily number of children booked to attend all three types of centres included in the survey rose by 371 (3.9 per cent) to 9,896 from July 1992 to May 1993. Chart 7.1 shows the trend in attendances at each type of centre.

Chart 7.1 Total Number of Children Booked to Attend Childcare Centres[4].



Source: PSA Survey, 1993.

While the average number of children booked to attend government centres was essentially unchanged over the survey period, bookings at private centres rose by 316 (8.33 per cent) to 4,056 children. Thus, growth in private centre bookings accounted for over 85 per cent of the growth in total bookings. Non-profit centre bookings increased by 45 (5.49 per cent) to 864 children.

Data on daily average attendances per centre in Table 7.1 show that, on average, private centres provided childcare services to more children than government and non-profit centres. Furthermore, this trend seems to have become accentuated over the survey period. Overall, the data tend to suggest that most of the growth in demand for childcare services over the survey period has been met by private centres.

Table 7.1 Average Number of Children Per Centre[3].

	May 1993	**Feb 1993**	**July 1992**	**Change July '92 - May '93**
	No	No	No	%
Government	35.8	34.7	35.7	0.28
Private	39.0	35.9	36.0	8.33
Non-Profit	28.8	24.8	27.3	5.49
Average All Centres	36.0	33.8	34.7	3.90

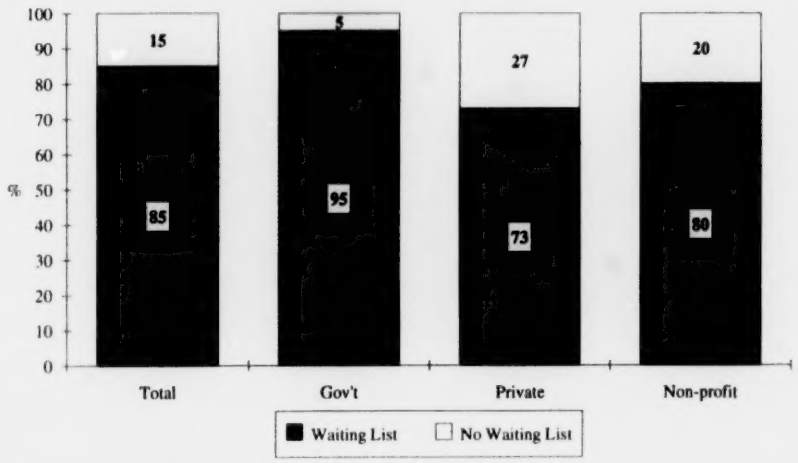
Source: PSA Survey, 1993.

4 Data relates to booked full-time attendances on one working day in each month.

7.2.2 Waiting Lists

Evidence on the use of waiting lists by childcare centres indicates that the industry is characterised by excess demand. Gauging the precise extent of excess demand from waiting list statistics is difficult, however, given that many parents may place their children on waiting lists at more than one centre. Chart 7.2 shows the responses from centres when asked whether they maintained waiting lists.

Chart 7.2 Centres with Waiting Lists as at May 1993 (%).



Source: PSA Survey, 1993.

Eighty-five per cent of all centres claim to maintain a waiting list. A greater proportion of government centres maintain waiting lists than private and non-profit centres. Thus, while the situation of excess demand is widespread, it appears to be more acute among government centres.

The average size of waiting lists appears to have grown over the survey period. Table 7.2 shows responses to a question on the number of requested placements on waiting lists. In May 1993, each centre maintained an average of 45 children on their waiting list compared with 42.8 in July 1992.

Table 7.2 Average Number of Placements on Waiting Lists for Full-time Childcare.

	May 1993	July 1992
Government	59.7	53.9
Private	27.1	27.9
Non-Profit	31.4	29.0
Total	45.0	42.8

Source: PSA Survey, 1993.

Thus, the evidence tends to suggest that the condition of excess demand in the industry as a whole may have intensified over the survey period. It would also appear that

Evidence of growing demand was also found in a 1990 survey of childcare services by the Australian Bureau of Statistics[5]. From 1987 to 1991, the proportion of children up to twelve years of age with unmet childcare needs was found to have doubled from 8.4 per cent to 17.1 per cent. Another study[6] conducted in 1989 found evidence of excess demand among government centres only. Private centres were, in fact, found to have excess capacity.[7]

7.3 Conclusions

The following conclusions flow from information on demand/supply conditions in the childcare industry:

- Demand in terms of the total number of children utilising childcare services, rose by 3.9 per cent from July 1992 to May 1993.
- The extent of excess or unmet demand as measured by the proportion of centres with waiting lists appears to have risen over the survey period.
- The level of excess demand appears to be greater for government than for private or non-profit centres.
- Private centres experienced a proportionally greater increase in attendances than government and non-profit centres such that, on average, private centres provide childcare services to a greater number of children.

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5 Australian Bureau of Statistics, "Childcare, Australia", 1990, (Cat. No. 4402.2), p. 18.

6 Baker, M., Henshall, J. and Horne, M. (1989), "Childcare in Victoria and Women's Access to the Labour Force", Department of Labour, Melbourne.

7 It would appear that excess demand spilled over to private centres only after fee relief was extended to private centres in 1991.

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8 COMPETITION

8.1 Supply Characteristics

8.1.1 Factors Promoting Competition

This monitoring programme could not assess the degree of new entry and exit from the industry within the survey period. However, data from the Department of Health, Housing, Local Government and Community Services indicate that the number of private and non-profit centres grew substantially over the last two years. Although some of this entry relates to existing centres that simply upgraded facilities and staffing levels to comply with fee relief guidelines, the evidence tends to indicate that entry is not difficult. The capital cost involved in establishing a childcare centre would be equal to the cost of the premises and necessary modifications to comply with regulations on building size and layout.

It can be reasonably surmised that the entry of new centres over the last few years may have contributed to maintaining fee rises below what might have been the case with difficult entry.

Government centres and some non-profit centres may encounter some exit costs where the centres were especially built to function as a childcare centre. In such cases, there may not be alternative uses for the premises readily available. However, private centres may not find the cost of exiting the childcare industry excessively high. Most private centres are up-graded residential buildings and would have a salvage value higher than perhaps may be found in most other industries. As such, exit costs do not appear to be an obstacle to new competition in childcare services.

8.1.2 Restrictions on Competition

Regulations on staff levels and standards have an impact on staff costs, profitability and, ultimately, the ability of private centres to offer effective competition. Other regulations covering Local and State Government approvals can delay the establishment of centres and thus act as an inhibitor of competition in the very short term.

The regulation of fees charged by government centres to ensure a break-even outcome, may distort price signals away from efficient pricing outcomes, and lead to over-consumption of childcare services.

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8.2 Demand Characteristics

8.2.1 Factors Promoting Competition

There are a number of substitute arrangements for long-day care services. First, there are substitute services outside the long-day care sector. Long-day care is one of several types of formal care available to parents. As canvassed in Section 2, long-day care accounts for around one fifth of occurrences of formal childcare. Pre-school/kindergarten arrangements are the most popular forms of formal care accounting for almost one half of total formal childcare occurrences. Other forms of formal care are Before/after-school care, Family Day care and casual childcare arrangements provided on an occasional basis. Furthermore, formal childcare is estimated to account for only a part of all the care arrangements utilised by parents. Informal care is by far the most common form accounting for over 70 per cent of total childcare occurrences.

However, the degree of substitutability between long-day care and other types of formal and informal childcare does not appear to be perfect. In fact, the characteristics of long-day care confer certain advantages over alternative forms of childcare, namely it is available all day, every day, and it involves the least logistical difficulties from the parents' viewpoint (although it is the most expensive form of childcare). The widespread existence of waiting lists can be cited as evidence of some parents' preference for long-day care.

Secondly, within the long-day care sector, private and government can be considered substitutes for each other. For parents whose place of work or study offers childcare services, non-profit centres are also substitutes for private and government centres.

Competition among sellers is usually encouraged when the demand they face for their products or services is price elastic or sensitive to price changes. The incentive for suppliers to compete is heightened by the potential loss of revenue if the price is too high. Although there is little evidence on the nature of price elasticity of demand for childcare services, there are intuitive reasons for expecting the demand for long-day care faced by the industry to be relatively price elastic.

Recent studies have concluded that the demand for formal childcare is not just as a means of enabling women to enter the labour force, but stems from the desire to "consume" it as a good in its own right.[8] Data from the 1990 ABS survey show that over 65 per cent of respondents cited non-work related factors as the main reason for requiring childcare[9]. To the extent that the demand for formal childcare is direct rather than derived, it is likely to result in a higher degree of sensitivity to changes in price, particularly when there are alternative forms of childcare available.

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[8] - Teal , F.(1991), "The Demand for Childcare in Australia: Evidence from the ABS 1984 Childcare Survey", Research School of Social Sciences , Australian National University.
- _____(1992), "The Use and Cost of Childcare in Australia", *The Australian Economic Review*, 1st Quarter, pp.3-14.

[9] Australian Bureau of Statistics, Cat. No. 4402.0, op cit., p. 19.

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Other evidence of demand sensitivity to price of childcare comes from the 1990 ABS survey in which the most frequently stated reason for not using available childcare was that it was too expensive.[10]

Clearly, by virtue of their profit-oriented nature, private centres are likely to be more sensitive to the price elasticity of demand than government and non-profit centres.

8.2.2 Factors Restricting Competition

The elasticity of demand faced by a given centre will depend on the nature of demand and supply conditions prevalent in the area in which it operates. It could be possible for individual centres to be faced with a relatively inelastic demand if there were no alternative childcare services available in the area and if informal childcare is not a viable option for parents. In such cases, private centres may be able to exercise some degree of market power and charge inefficient prices, that is, higher than could be expected in a competitive market.

8.3 Conclusions on Competition

There do not appear to be major impediments to new competition from private centres. The evidence tends to suggest that entry is not difficult and exit costs not excessive. Furthermore, long-day care centres are just one type of formal care available to parents.

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10 Australian Bureau of Statistics, Cat No. 4402.2, op. cit., p. 19. Thirty-four per cent of respondents cited cost as the reason for not using available childcare services.

9. ASSESSMENT

9.1 Fee Movements

The ministerial direction to monitor childcare fees was no doubt largely motivated by a concern that the Commonwealth Government's social objective of raising assistance to users of childcare services could be undermined by centres appropriating the benefits through higher fees.

The survey found that, on average, fees were increased more than the rise in the Childcare Assistance ceiling. In essence, the outcome, on average, has made parents worse off and has improved the profit margins of centres.

At the local level, a range of fee movements were implemented across centres during the survey period. Some centres did not raise fees at all, some increased fees slightly, others increased fees significantly. About 32 per cent did not raise fees at all, about 20 per cent increased fees less than the increase in Childcare Assistance ceiling effected on 1 April 1993 and some 40 per cent increased fees more than government assistance.

By enabling parents to have access to childcare services at lower prices than would otherwise be the case, the Childcare Assistance scheme effectively functions as an income supplement to parents. The effect of raising assistance levels (if, indeed, this is transmitted to parents) is equivalent to increasing parents income, except that this additional income can be only spent on childcare services. If parents decide to avail themselves of this higher assistance, it can lead to an increase in demand for childcare services which, at a time of excess demand and in the absence of a supply response in the short term, can result in higher prices.

In this instance, it appears that centres anticipated the rise in government assistance to parents and, on average, appropriated all the benefits by increasing fees more than the increase in the Childcare Assistance ceiling. That is, parents generally have been denied the opportunity of having access to childcare services at a lower net cost.

9.2 Fee Levels

There are two influences exerted by government intervention on the level of fees. In the first place, the provision of operational and "hidden" off-budget subsidies (for example, rent-free accommodation) to government centres, plus the application of break-even or average cost pricing, means that fees do not reflect the real cost of delivering childcare services through the public care sector. In addition, the use of waiting lists by government centres suggests that fees are lower than the public's marginal valuation of childcare services.

Secondly, the Government's objectives are to increase the affordability and accessability of childcare services and the Childcare Assistance scheme reduces fees below levels that parents might otherwise have to pay. Fees charged by private centres may also be influenced by the subsidised fees paid by parents who utilise government childcare

centres. Thus, the net effect of the Government's assistance programme is to raise demand for childcare.

Another issue worthy of note is the apparent existence of cross-subsidies in the pricing of childcare services at government centres. Fees are fairly similar in all age groups and do not appear to reflect the different cost of providing care to children of different ages. For example, the costs associated with caring for children under the age of two years would be very likely higher than for older children: staff/children regulations are more stringent and there are additional costs involved with nappy (and clothing) changes. To compensate for the lack of cost recovery in these age groups, government centres appear to charge above costs in the other age groups where their fees are higher than those of private and non-profit centres.

9.3 Efficient Supply of Childcare Services

There may be some grounds for questioning the general efficiency with which childcare services are delivered through government centres.

Comments received from parents during the course of the monitoring programme tend to suggest that there may be a perception that government centres provide higher quality care than private centres. Indeed, this seems to be evidenced in the higher staff levels, staff/children ratios and unit costs recorded for government centres compared with private and non-profit centres.

However, these higher costs are not fully compensated by the fees charged by government centres which were, on average, higher than private centre fees. Given that all centres must now observe the same regulations to qualify for Childcare Assistance, it seems to follow that they must all provide the same minimum required standard of service. This raises a question of whether government centres are providing a higher standard of childcare than they need to. This question needs to be considered in the context of excess demand for public childcare services which, in normal circumstances, should have the effect of maximising utilisation of available resources. This question could be addressed by the recently established National Childcare Accreditation Council.

Furthermore, it is not clear what the consequences might be of government centres failing to break even. Presumably, in the following budget period they will have to either raise fees or implement cost reductions. It appears reasonable to surmise that in either case the outcome might not be favourable to parents whose children attend government centres.

9.4 Profit Margins

Given the incompleteness of some of the data on costs and revenues, the conclusions on profits must be treated with caution. However, they seem to suggest that the long-day sector overall is incurring losses. The private sector appears profitable, although, in the absence of appropriate profitability criteria, such as return on assets or investment, it is difficult to ascertain the adequacy of these profits. Nevertheless, the rise in the number of private centres in operation over the last few years would suggest that profitability is sufficient to attract new investment into the industry. An assessment of whether

profitability in the longer term is at socially undesirable levels will need to consider the extent to which it contributes to expansion of childcare services.

9.5 Conclusions

The government's social objective of improving the affordability of childcare services by increasing assistance to parents does not appear to have been generally achieved. The increase in Childcare Assistance ceiling made available to parents seems, on average, to have been more than offset by fee rises.

While profitability in the private sector can not be adequately assessed, it appears that in the recent past it has been sufficient to attract new investment in the industry. It is possible that individual private centres may, from time to time, depending on local competitive conditions, charge fees above consumers' marginal valuation of childcare services and earn excess profits. The most socially desirable outcome in cases of excess profits is for the supply of childcare services to rise. Because of its short duration, this monitoring programme has not been able to establish the industry's ability to increase supply in response to the current situation of excess demand. While there has been rapid growth in childcare services in the last few years, especially among private and non-profit centres, more data and a longer time period will be required to accurately gauge the industry's response to the current levels of demand. The nature of supply-side responses to demand growth will play an important part in maintaining competitive pressures on future fee movements.

10. OTHER ISSUES

In the questionnaire, centres were given the opportunity to express views on any other issues that they felt required consideration from a future policy perspective. This provoked a high level of interest. Of the 281 responses to the questionnaire, 264 contained comments, many in some detail, about issues that they considered policy-makers should address. A disproportionate number of these responses came from centres in the government sector.

Some of the issues raised by centres are presented below.

- *Government Centres*

  - continual changes to funding arrangements;
  - difficulty in understanding logic in funding allocations/payments by Department of Community Services;
  - difficulty in keeping trained staff due to low wages and poor working conditions due to staff/child ratios being too low, especially in the 0-3 age group; and
  - unable to meet demand in 0-3 age group because of lack of funds/places/staff.

- *Private Centres*

  - over-regulation;
  - perception by bureaucrats that private centres do not offer adequate care;
  - granting permits to too many centres in close proximity of one another; and
  - high cost of trained staff.

- *Non-Profit Centres*

  - too much assistance is given to parents through fee relief while some assistance could be given to centres through operational subsidies to increase child/staff ratios and thus offer more spaces;. and
  - high turnover among trained staff due to low wages.

The Authority has not been directed to investigate such issues. Nevertheless, it is pertinent to conclude that there appear to be a number of areas that concern the industry.

11. SUMMARY AND CONCLUSIONS

Average fees among all centres surveyed have risen more markedly than the increase in Childcare Assistance implemented on 1 April 1993. The majority of centres have applied some increase in fees, thus negating much of the benefit of higher levels of government assistance to parents. A substantial proportion of centres increased fees more than the increase in the Childcare Assistance ceiling, leaving parents of children attending these centres worse off relative to July 1992.

The largest increase in fees appears to have occurred for childcare services provided to children in the 2-3 age group.

On average, private centres increased fees more markedly than non-profit or government centres.

Movements in unit costs associated with the provision of childcare services have been slight and do not appear to have acted as the principal cause of increases in fees.

Average profit margins, on the other hand, appear to have increased significantly as a result of the increase in fees. Private centres appear to be run profitably while government and non-profit centre seem to have difficulties in covering costs.

The supply of childcare services by private and non-profit centres seems to have expanded as a result of the extension of fee relief to the private sector in 1991. However, the industry's ability to meet the present high levels of demand could not be assessed within the time frame of the monitoring programme. Monitoring future developments in the supply side of the private sector should provide a measure of how well current high levels of demand are met without resorting to rises in fees.

This monitoring programme did not identify significant impediments to competition in the childcare industry. However, the report raised some doubts about the efficiency with which government centres are providing childcare services and suggested that this aspect could be monitored.

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APPENDICES

APPENDIX A Minister's Letter

TREASURER
Parliament House
Canberra 2600

Dr D C Cousins
Acting Chairman
Prices Surveillance Authority
10th Floor
10 Queens Road
MELBOURNE VIC 3004

Dear Dr Cousins

I am writing to you following a request from the Minister for Aged, Family and Health Services, the Hon Peter Staples, MP, that the PSA monitor the fees charged by child care centres.

The request arose following the announcement in the 1992-93 Budget that, from 1 April 1993, the weekly child care fee relief ceiling for long day care centres would be raised from $103 to $108.50 (ie by $4.00 plus annual indexation of $1.50). Mr Staples was concerned that the full benefit of the increased Government subsidy might not be passed on to parents by the centres.

I understand that child care centres need to be incorporated to be eligible for Government fee relief, which will also enable the PSA to monitor their fees. I note that, following the extension of fee relief to the private sector on 1 January 1991, the PSA found no evidence of profiteering by child care centres. On the other hand, there are claims of a high level of unmet demand for child care in the community, particularly for children under the age of two, indicating scope for price increases.

In light of the above, I propose that the PSA monitor the fees charged by long day care centres for six months from 1 April 1993 and report to me on its findings.

Yours sincerely

(sgd) Peter Baldwin
Minister Assisting the Treasurer
25 Nov 1992

APPENDIX B Follow-up Survey of Non-Respondents

Table 1 Details of Responses

Centre		Weekly Fee Movements ($/child/week)	Reasons for Non-response
Government -	**1**	Rise $20	Lack of Time
	2	Rise $10	Lack of Time
	3	Rise $ 6	Unaware receiving it
	4	No movement	Lack of Time
	5	Fall $13	Lack of Time
	6	No movement	Difficulty in Filling Out
	7	Rise $12	Difficulty in Filling Out
	8	Rise $10	Unaware of whereabouts
	9	No movement	Unaware of survey
	10	Rise $5	Lack of time
Private -	**1**	Rise $5	Claims it was returned
	2	No movement	Lack of time
	3	No movement	Claims it was returned
	4	Rise $5	Claims it was returned
	5	Rise $20	Lack of time
	6	No movement	Lack of time
	7	Rise $10	Claims it was returned
	8	No movement	Lack of time
	9	No movement	Lack of time
	10	Rise $5	Misplaced
Non-profit -	**1**	Rise $7	Unsure of whereabouts
	2	Rise $20	Did not receive question
	3	Rise $5	Misplaced
	4	No movement	Misplaced
	5	No movement	Misplaced
	6	No movement	Misplaced
	7	Rise $10	Claims it was returned
	8	Rise $5	Claims it was returned
	9	Rise $5	Difficulty accessing info
	10	Rise $10	Misplaced

Table 2 Summary of Responses

Centre	Total	Increased Fees	Decreased Fees	No Movements
Government	10	6	1	3
Private	10	5	-	5
Non-profit	10	7	-	3

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APPENDIX C Childcare Assistance Scheme[11] - April 1993

Table 1 One dependent child.

Gross family income ($ per week)	Parents' Contribution ($ per week)	Childcare Assistance ($ per week)
466	16.00	92.50
500	20.69	87.81
600	34.49	74.01
700	48.29	60.21
800	62.09	46.41
900	75.89	32.61
1000	89.69	18.81
1137	108.50	nil

Table 2 Two dependent children.

Gross family income ($ per week)	Parents' Contribution ($ per week)	Childcare Assistance ($ per week)
496	18.00	199.00
600	41.40	175.60
700	63.90	153.10
800	86.40	130.60
900	108.90	108.10
1000	131.40	85.60
1200	176.40	40.60
1381	217.00	nil

[11] Based on full-time care at centre charging the maximum Childcare Assistance ceiling of $108.50 per child per week.

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APPENDIX D Staff/Children Ratios For Each State and Territory

State	Age Groups	Ratio	State	Age Groups	Ratio
NSW	0-2	1:5	**WA**	0-2	1:4
	2-3	1:8		2-3	1:5
	+3	1:10		+3	1:10
VIC	0-2	1:5	**TAS**	0-2	1:3, 1:5
	2-3	1:5		2-3	1:7
	+3	1:15		+3	1:7
QLD	0-2	1:4	**NT**	0-2	1:5
	2-3	1:6		2-3	1:5
	+3	1:12		+3	1:10
SA	0-2	1:5	**ACT**	0-2	1:5
	2-3	1:10		(18mths-3yrs)	1:6
	+3	1:10		2-3	1:7
				+3	1:11

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APPENDIX E Tables

Table 1 Average Fees by Age Groups and Centre Type

	Change July '92-May '93		May 1993	Feb 1993	July 1992
	$	%	$/child/week	$/child/week	$/child/week
Less than 1 year					
-Government	4.6	3.8	125.1	124.8	120.5
-Private	9.4	7.8	130.2	129.5	120.8
-Non-profit	4.7	4.3	113.5	111.9	108.8
1-2 Years					
-Government	4.8	4.0	125.1	124.6	120.3
-Private	9.5	7.9	130.1	127.6	120.6
-Non-profit	4.2	3.8	113.5	111.9	109.3
2-3 Years					
-Government	5.1	4.3	124.1	123.6	119.0
-Private	8.6	7.6	122.2	119.8	113.6
-Non-profit	5.9	5.5	112.8	110.8	106.9
3-6 Years					
-Government	4.9	4.1	123.9	123.5	119.0
-Private	7.8	7.1	116.8	114.5	109.0
-Non-profit	5.4	5.0	112.6	110.5	107.2
Over 6 Years					
-Government	4.1	3.4	123.8	124.3	119.7
-Private	7.3	7.6	102.8	103.2	95.5
-Non-profit	5.7	6.0	101.4	99.0	95.7

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Table 2 Average Total Monthly Costs

	Change July '92-May '93 %	May 1993 $	Feb 1993 $	July 1992 $
1-30 Places				
- Government	-8.2	15,227	16,499	16,583
- Private	4.5	9,482	8,720	9,078
- Non-profit	8.6	12,507	12,992	11,519
31-40 Places				
- Government	2.7	23,215	20,745	22,604
- Private	10.4	12,946	12,333	11,730
- Non-profit	14.9	15,629	14,711	13,606
41-50 Places				
- Government	-0.1	25,136	22,664	25,163
- Private	9.0	18,808	16,913	17,248
- Non-profit	-13.5	15,780	13,889	18,234
51-60- Places				
- Government	2.8	30,393	25,597	29,558
- Private	7.4	19,569	18,993	18,220
- Non-profit	6.9	37,145	35,265	34,743
60 + Places				
- Government	3.4	47,103	41,756	45,551
- Private	11.9	23,410	24,412	20,923
- Non profit	-	41,550	41,550	41,550
Average Total				
- Government	1.4	23,828	21,644	23,495
- Private	9.0	14,977	14,606	13,740
- Non profit	5.1	17,220	16,723	16,385
Average All Centres	**4.1**	**19,967**	**18,574**	**19,183**

Table 3 Disaggregated Cost Data by Centre Type & Size

Average Monthly Costs ($000s)

	May 1993						July 1992					
	T	S	OD	F	R	O	T	S	OD	F	R	O
1-30 Places												
Govt	15.2	11.4	2.5	0.6	0.4	2.5	16.6	12.5	2.5	0.6	0.4	2.9
Private	9.5	5.2	2.2	0.6	1.4	1.5	9.1	5.3	2.3	0.5	1.4	1.1
Non-profit	12.5	9.8	1.8	0.4	1.1	1.7	11.5	9.4	1.8	0.5	1.1	1.4
31-40 Places												
Govt	23.2	17.6	4.4	0.9	1.4	3.8	22.6	18.1	4.7	1.0	0.5	3.1
Private	12.9	7.0	3.0	0.9	1.8	1.8	11.7	6.4	2.4	0.7	1.9	1.6
Non-profit	15.6	10.7	3.9	0.7	0.8	2.3	13.6	10.1	4.1	0.6	0.5	0.7
41-50 Places												
Govt	25.1	18.9	3.0	1.1	0.6	4.1	25.2	19.4	3.3	0.9	0.5	3.8
Private	18.8	12.3	2.7	1.0	2.4	2.2	13.2	10.3	3.2	0.9	2.3	3.0
Non-profit	15.8	13.5	2.8	0.7	0.5	0.9	18.2	12.5	2.8	0.5	8.4	1.8
51-60 Places												
Govt	30.4	23.5	3.6	1.2	0.9	7.9	29.6	21.6	4.7	1.1	0.6	6.4
Private	19.6	12.7	2.0	1.0	2.1	3.5	18.2	11.0	1.7	1.0	1.9	4.2
Non-profit	37.1	31.6	-	1.2	-	4.3	34.7	29.9	-	1.5	-	3.4
60+ Places												
Govt	47.1	35.3	-	1.8	0.7	5.9	45.6	34.8	-	1.4	0.4	6.4
Private	23.4	14.4	4.2	0.8	3.2	4.8	20.9	12.3	3.4	0.8	2.6	4.2
Non-profit	41.6	26.8	3.0	2.9	-	8.9	41.6	26.8	3.0	2.9	-	8.9
Total												
Govt	23.8	17.8	3.5	1.0	0.9	4.1	23.5	18.1	3.8	0.9	0.5	3.6
Private	15.0	8.9	2.8	0.8	2.0	2.6	13.7	8.1	2.6	0.7	1.9	2.4
Non-profit	17.2	13.1	3.1	0.7	0.8	2.4	16.4	12.7	3.1	0.8	2.6	1.9

* Totals are not equal to sum of individual cost components as each are averages within their own categories and thus are not additive.

T = Total Costs
S = Staff
OD = Owners/Directors
F = Food
R = Rent/Rates
O = Other Costs

Table 4 Average Monthly Staff Costs Per Centre

	May 1993	July 1992
	$	$
Government	1,679	1,775
Private	1,156	1,157
Non-profit	1,455	1,460

RSA

Table 5 Unit Costs by Centre Type and Size

Average Weekly Costs per Number of Children Booked

	May 1993	Feb 1993	July 1992
	$	$	$
1-30 Places			
-Government	169.75	191.33	177.99
-Private	95.14	95.82	93.11
-Non-profit	149.55	159.48	136.32
31-40 Places			
-Government	153.07	138.76	147.77
-Private	91.64	84.96	88.17
-Non-profit	121.85	130.07	116.29
41-50 Places			
-Government	140.11	132.75	144.45
-Private	98.64	92.05	94.10
-Non-profit	104.64	150.48	150.28
51-60- Places			
-Government	151.49	138.01	146.69
-Private	95.27	109.30	115.51
-Non-profit	180.46	187.08	158.76
60 + Places			
-Government	142.46	132.00	149.53
-Private	81.24	93.74	77.75
-Non profit	138.96	138.96	138.96
Total			
-Government	153.60	143.94	151.87
-Private	88.62	93.89	88.08
-Non-profit	137.98	155.61	138.50
Average All Centres	127.99	126.81	127.57

*Table 6 Average Number of Children Booked to Attend Full-Time Care by Centre Type and Size**

	May 1993	Feb 1993	July 1992
1-30 Places			
-Government	20.7	19.9	21.5
-Private	23.0	21.0	22.5
-Non-profit	19.3	18.8	19.5
31-40 Places			
-Government	35.0	34.5	35.3
-Private	32.6	33.5	30.7
-Non-profit	29.6	26.1	27.0
41-50 Places			
-Government	41.4	39.4	40.2
-Private	44.0	42.4	42.3
-Non-profit	34.8	21.3	28.0
51-60- Places			
-Government	46.3	42.8	46.5
-Private	47.4	40.1	36.4
-Non-profit	47.5	43.5	50.5
60 + Places			
-Government	76.3	73.0	70.3
-Private	66.5	60.1	62.1
-Non profit	69.0	69.0	69.0
Total			
-Government	35.8	34.7	35.7
-Private	39.0	35.9	36.0
-Non-profit	28.8	24.8	27.3
Average All Centres	36.0	33.8	34.7

* Data relates to booked full-time attendances on one working day in each month.

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*Table 7 Average and Total Number of Children Booked to Attend Full-Time Care by Centre Type and Size**

	May 1993		Feb 1993		July 1992		Change Jul '92 - May '93
	Av	Total	Av	Total	Av	Total	%
- Government	35.8	4,976	34.7	4,823	35.7	4,962	0.28
- Private	39.0	4,056	35.9	3,734	36.0	3,744	8.33
- Non-Profit	28.8	864	24.8	744	27.3	819	5.49
Average All Centres	36.0	9,896	33.8	9,301	34.7	9,525	3.90

* Data relates to booked full-time attendances on one working day in each month.

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Table 8 Average Number of Staff Per Centre by Status and Centre Type

Status of Staff	Centre	May 1993	Feb 1993	July 1992
Untrained	Government	3.5	3.5	3.4
	Private	3.1	3.1	2.1
	Non-Profit	4.2	3.6	4.1
Childcare Training -	Government	2.0	2.1	2.0
- 1 Year Trained	Private	1.6	1.6	1.9
	Non-Profit	2.0	3.0	3.5
Childcare Training -	Government	2.8	2.8	2.7
- 2 Years Trained	Private	1.9	1.9	1.8
	Non-Profit	1.8	1.9	2.1
Childcare Training -	Government	1.7	1.6	1.8
- 3 Years Trained	Private	1.7	1.7	1.6
	Non-Profit	1.9	1.8	1.7
Early Childhood Teacher Nurse -	Government	2.3	2.2	2.3
- Including Mothercraft	Private	1.8	1.8	1.9
	Non-Profit	1.7	1.8	1.8
Assistant Director	Government	1.3	1.1	1.1
	Private	1.0	1.0	1.0
	Non-Profit	1.0	1.0	1.0
Owner Director	Government	1.0	1.0	1.0
	Private	1.2	1.2	1.2
	Non-Profit	1.0	1.0	1.0
Unpaid	Government	2.8	2.7	2.7
	Private	2.5	3.0	1.3
	Non-Profit	1.0	1.0	1.0
Unpaid Owners/Directors	Government	2.9	2.9	2.9
	Private	1.4	1.4	1.4
	Non-Profit	1.0	1.0	1.0
Other	Government	1.9	2.0	1.9
	Private	1.5	1.5	1.5
	Non-Profit	1.4	1.4	1.3

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DETAILS OF PRICES SURVEILLANCE AUTHORITY

MONITORING REPORTS

REPORT	SUBJECT	DATE
1	Monitoring of Coastal Shipping Freight Rates (No. 1)	February, 1992
2	Monitoring of Movements in Average Air Fares (No. 1)	February, 1992
3	Monitoring of Movements in Average Air Fares (No. 2)	May, 1992
4	Monitoring of Stevedoring Costs and Charges (No. 1)	November, 1992
5	Monitoring of Movements in Average Air Fares (No. 3)	December, 1992
6	Monitoring of Movements in Average Air Fares (No. 4)	March, 1993
7	Monitoring of Harbour Towage Charges (No. 1)	July, 1993
8	Monitoring of Movements in Average Air Fares (No. 5)	July, 1993
9	Monitoring of Stevedoring Costs and Charges (No. 2)	August, 1993
10	Progress Monitoring Report on Book Prices and the Impact of the 1991 Amendments to the *Copyright Act 1968*	September, 1993
11	Monitoring of Movements in Average Air Fares (No. 6)	September, 1993
12	Monitoring of Coastal Shipping Freight Rates (No. 2)	November, 1993
13	Monitoring of Childcare Fees	December, 1993

Written requests for monitoring reports should specify the number and subject of the report required, and can be directed to the Prices Surveillance Authority, Level 10, 10 Queens Road, Melbourne 3004. The Authority does not maintain a mailing list for monitoring reports.